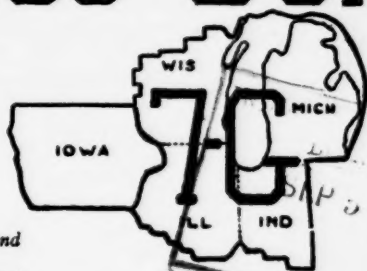


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

EUGENE M. STEVENS, Chairman of the Board and
Federal Reserve Agent
CLIFFORD S. YOUNG, Asst. Federal Reserve Agent

GEORGE A. PRUGH, Asst. Federal Reserve Agent
HARRIS G. PETT, Manager
Division of Research and Statistics

Volume 16, No. 9

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

August 31, 1933

General Summary

ALTHOUGH many phases of Seventh district industry and trade recorded a slowing-down in activity during July—partly seasonal in nature—others showed a continued rising trend, and business in most groups was at levels well above a year ago in the same month.

Production of steel declined somewhat after the middle of July, but new business received during the month totaled larger than in June, while pig iron output expanded notably in the period. Shipments of steel castings, of stoves, and of furniture increased, as did orders in the two last named lines; malleable casting shipments recorded a minor recession. The manufacture of automobiles was curtailed only slightly, and building construction again expanded, with the movement of building materials relatively heavy. Shoe production was maintained at a high level in the month. In all of these industrial phases, activity exceeded that of July last year. Employment and payrolls not only increased over June—contrary to trend—but showed the first gain in the yearly comparison since 1929.

Seasonal declines took place during July in the production of packing-house commodities, of butter, and of cheese. However, gains shown over the preceding month in the distribution of cheese and in the dollar volume of packing-house products sold, were counter to trend for July. Production in all three industries totaled heavier than a year ago, and only butter recorded a sales decline in the comparison. The movement of wheat was not so large as is usual for July, but that of feed grains was greater than seasonal. Estimates for many Seventh district crops were revised downward in July, although those for fruit and tobacco were raised.

Wholesale and retail trade were, in general, smaller during July than a month previous. With the exception of dry goods where a non-seasonal gain was recorded, reporting groups of wholesale trade experienced greater than usual recessions during the period, but all had a larger volume of business than a year ago. Department store trade likewise showed a greater than seasonal decline, though sales totaled moderately heavier than for last July. The retail shoe and furniture trades recorded similar trends in the monthly comparison, with shoe sales slightly smaller than a year ago, as well. The majority of chain store lines made larger sales than a month previous or in July 1932. Distribution of automobiles fell off in July, but sales totaled considerably heavier than last year.

The volume of reserve bank credit extended in the district declined somewhat further between July 19 and the middle of August. In this period total loans and investments of reporting member banks and deposits therein also were reduced slightly. Dealer sales of commercial paper continued to expand in July, and new financing by means of bankers' acceptances increased heavily, following a sharp decline in June.

Credit Conditions and Money Rates

The trend of factors affecting the use of Federal Reserve bank funds during the four weeks ended August 16 was very similar to that shown in the preceding period. Reserve bank credit extended in the district declined 2½ million dollars, while commercial operations through inter-district settlements showed a net gain of almost 3½ millions, and local Treasury expenditures exceeded receipts by more than 18½ million dollars. Heavy increases in both member bank reserve balances and non-member deposits more than offset the declines registered in currency demand and unexpended capital funds.

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	AUG. 16 1933	CHANGE FROM	
		JULY 19 1933	AUG. 17 1932
Total Bills and Securities.....	\$346.1	\$+12.9	\$+33.8
Bills Discounted.....	9.8	-2.3	-22.9
Bills Bought.....	0.9	-0.0	-3.9
U. S. Government Securities.....	335.4	+15.2	+60.6
Total Reserves.....	959.0	+19.8	+204.4
Total Deposits.....	477.3	+48.9	+175.5
Federal Reserve Notes in Circulation.....	753.5	-17.1	+35.4
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	77.9	-0.4*	+3.9*

*Number of Points.

Changes Between July 19 and August 16 in Factors Affecting Use of Federal Reserve Bank Funds Seventh District

(Amounts in thousands of dollars)

Reserve bank credit extended.....	-2,571
Commercial operations through inter-district settlements.....	+3,496
Treasury operations.....	+18,786
Total supply.....	+19,711
Demand for currency.....	-22,790
Member bank reserve balances.....	+34,561
Non-member deposits.....	+8,312
Unexpended capital funds.....	-372
Total demand.....	+19,711

MEMBER BANK CREDIT

The table below setting forth condition of licensed reporting member banks, shows slight reductions on August 16 from the aggregates reported July 19 in practically all items. Total loans and investments on the former date were slightly higher than on the corresponding reporting date a year ago—the result of substantially greater investment holdings—and net demand deposits continued well above the level of last year. Time deposits, on the other hand, declined one million in this comparison.

A range of 3 to 5 per cent was reported by down-town Chicago banks as the prevailing rate on customers' commercial loans during the week ended August 15; for the corresponding week in July, 4 to 5 per cent had been reported. The average rate earned on loans and discounts by down-town banks in Chicago during the calendar month of July was 3.88 per cent, as against 3.85 in June and 4.67 per cent in July 1932. In Detroit, the prevailing rate on customers' commercial loans during the week ended August 15 was 5 to 6 per cent, unchanged from the preceding month.

Dealer sales of commercial paper in the Middle West showed a further expansion of $3\frac{1}{2}$ per cent in July and were $78\frac{1}{2}$ per cent in excess of the limited volume of a year ago; they remained greater than for any previous month since August 1931, but continued almost 70 per cent less than the 1923-32 seasonal average. Under the influence of a fairly strong investment demand for the rather limited supply of paper available, selling rates eased from June. July quotations, therefore, ranged from $1\frac{1}{4}$ and $1\frac{1}{2}$ per cent for prime short-term obligations to $1\frac{3}{4}$ and 2 per cent for less well-known paper or that of longer maturity; most transactions took place within a range of $1\frac{1}{2}$ to $1\frac{3}{4}$ per cent. A much larger quantity of commercial paper was reported as outstanding in the Middle West on July 31 than for any other reporting date in 1933, although the amount aggregated $2\frac{1}{2}$ per cent below a year ago and 77 per cent under the 1923-31 average for July. Borrowing was so light during the first half of August that sales in that period aggregated 40 per cent smaller than during the corresponding weeks of the preceding month. On the other hand, demand remained fairly good, causing selling rates to decline until they reached a level on August 15 of $1\frac{1}{4}$ to $1\frac{1}{2}$ per cent for prime short-term obligations and of $1\frac{1}{2}$ and $1\frac{3}{4}$ per cent for less well-known paper, with the bulk of business being transacted at $1\frac{1}{4}$ to $1\frac{1}{2}$ per cent.

After the marked expansion shown in the preceding period, dealer operations in the Chicago bill market were reduced somewhat during the five weeks ended August 19. The bulk of the supply was received from Eastern markets and that, together with a light volume of purchases locally, was sold quickly to local and out-of-town banks. Holdings declined from the preceding period and were almost negligible in amount on August 19. Rates remained at

CONDITION OF LICENSED REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	AUG. 16 1933	CHANGE FROM	
		JULY 19 1933	AUG. 17 1932
Total Loans and Investments.....	\$1,581	\$-16	\$ +14
Loans on Securities.....	422	+1	-154
All Other Loans.....	469	-2	-37
Investments.....	690	-15	+205
Net Demand Deposits.....	1,174	-18	+217
Time Deposits.....	472	-6	-1
Borrowings from Federal Reserve Bank.....	0	0	-6

an even level during the period, ranging from $\frac{3}{8}$ per cent for 1-to-45 day maturities to one per cent for those of 180 days.

New financing by means of bankers' acceptances, following a heavy recession in June, rose sharply during July in the Seventh district to near the relatively high level of May, and was 23 per cent in excess of the 1923-32 seasonal average. The direct discounting of these bills at original banks of acceptance was greater than for any month since May 1932 and purchases were further augmented by a heavy volume of other banks' acceptances, so that total purchases of this class of investment by accepting banks were in excess of any corresponding period since April 1931 and more than double the 1923-32 average for July. Sales, on the other hand, remained almost negligible, with the result that portfolios attained a much higher level on July 31 than for any previous reporting date on record (January 1923), despite the counteracting influence of a large volume of maturities taking place during the month. Moreover, the liability for outstanding acceptances was greater than at any time since May 1932. New financing by means of bankers' bills showed a recession of 35 per cent in the first half of August from the corresponding weeks of July, largely due to decreased borrowing by the grain industry.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN JULY 1933 FROM	
	JUNE 1933	JULY 1932
Total value of bills accepted.....	+ 45.9	+ 59.0
Purchases (including own bills discounted).....	+122.7	+123.9
Sales.....	+ 31.7	+ 36.5
Holdings*.....	+ 27.9	+194.5
Liability for outstandings*.....	+ 7.3	+ 7.8

*At end of month.

SECURITY MARKETS

During the early part of July, the Chicago bond market was firm and fairly active. Following the break in stock prices in the third week of the month, however, bond prices trended downward, with the speculative rail and industrial issues leading in the declines. The market firmed somewhat, thereafter, and prices made moderate advances in the first two weeks of August. United States Government obligations were reasonably steady during the period, and moved upward during the second week in August after announcement of allotments for the new August 15 issues. New underwritings during July were extremely limited. Stock prices on the Chicago Exchange, after the break in the middle of July, moved within a narrow range through the first two weeks of August. The average price of twenty leading stocks* amounted to \$30.38 on August 15, as compared with \$34.23 on the corresponding day in July.

*Chicago Journal of Commerce.

Agricultural Products

Seventh district production estimates for grain (excepting wheat), hay, pastures, and some canning crops were

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM		
	JULY 1933	JUNE 1933	JULY 1932
Chicago.....	\$2,476	+16.0	+30.8
Detroit, Milwaukee, and Indianapolis.....	686	+4.5	-18.2
Total four larger cities.....	\$3,162	+13.3	+15.7
31 smaller centers.....	412	+3.8	-14.1
Total 35 centers.....	\$3,574	+12.1	+11.3

further reduced on August 1, while those for fruits and tobacco were raised moderately. Rainfall in July, though better than in the preceding month, averaged less than 80 per cent of normal in the five states including this district. Harvesting and threshing proceeded without interruption, but growing crops suffered considerably prior to the moderate rains which fell in the early part of August. Plowing for wheat and rye had begun by the middle of August, but progress has been retarded because of the hard condition of the soil. The number of cattle on feed, as estimated by the Bureau of Agricultural Economics, has increased over a year ago in each of the Seventh district states except Wisconsin, and in the Corn Belt as a whole. Rather serious hog cholera outbreaks were reported in portions of Iowa during August.

GRAIN MARKETING

The July movement of wheat at primary markets was less than half the five-year average, failing to attain the high level usual for the beginning of the new crop marketing season. Gains over June were moderate, amounting to 35 per cent for receipts and 17 per cent for shipments, in comparison with average increases in recent years of 300 per cent in the former and 110 per cent in the latter. Heavy buying by millers in anticipation of the processing tax was an important factor supporting the rise in prices which reached a peak on July 18. This is confirmed by the fact that, while the U. S. carry-over on July 1 was only slightly above a year ago, and visible supplies continued lower than in 1932 or 1931, merchant mill stocks of wheat, as reported by the Bureau of Census, were considerably above a year ago and much larger than two years ago, largely due to a contrary-to-seasonal increase between March and June. In the latter part of July, slackening demand released extensive liquidation in the market, and prices fell sharply. Limits on fluctuations of future prices were later put into effect, but quotations in the middle of August were off about 25 cents from the July high point. Cash wheat was lower than at the end of June.

Feed grains, in contrast to wheat, recorded a heavier than seasonal movement at interior markets during July.

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the basis of August 1 condition.

(In thousands of bushels unless otherwise specified)

SEVENTH DISTRICT		UNITED STATES		AVERAGE 1926-30
FORECAST 1933	FINAL 1932	FORECAST 1933	FINAL 1932	
Corn.....	779,588	1,065,741	2,273,019	2,875,570
Oats.....	283,130	523,589	666,745	1,238,231
Winter Wheat..	42,191	46,050	340,355	461,679
Spring Wheat..	1,915	3,380	159,316	264,604
Barley.....	34,805(a)	56,074(a)	157,634	299,950
Rye.....	5,592(a)	7,145(a)	23,116	40,409
Buckwheat.....	743(a)	694(a)	5,791	6,772
Flaxseed.....	195(b)	243(b)	7,797	11,787
Potatoes (white)	38,491	59,382	292,668	357,679
Potatoes (sweet)	1,050(c)	1,475(c)	67,083	78,484
Apples				
(total crop)...	14,412(a)	12,712(a)	146,831	140,775
Peaches.....	2,278(d)	2,215(d)	45,553	42,443
Pears.....	910(d)	1,012(d)	22,281	22,050
Cherries*.....	33(c)	30(c)	111	127
Grapes*.....	77(a)	88(a)	1,794	2,204
Dry Beans***...	2,110(e)	4,277(e)	9,365	10,164
Tobacco**.....	19,877	36,620	1,299,154	1,015,512
All Tame Hay*	13,194	14,194	64,910	69,794
Wild Hay*.....	582(a)	658(a)	8,868	12,187
Onions.....	4,754(a)	7,258(a)	21,489	28,331
Canning Crops:				
Snap Beans*.....	11(f)	11(f)	40	44
Sweet Corn*.....	184(a)	168(a)	388	387
Tomatoes*.....	249(d)	287(d)	1,066	1,199
Green Peas**138,256(g)	112,294(g)	275,056	230,071	

*In thousands of tons. **In thousands of pounds. ***In thousands of 100-lb. bags. (a) Five states including the Seventh Federal Reserve District. (b) Iowa and Wisconsin. (c) Illinois, Indiana, and Iowa. (d) Illinois, Michigan, Indiana, and Iowa. (e) Michigan and Wisconsin. (f) Indiana, Michigan, and Wisconsin. (g) Illinois, Indiana, Michigan, and Wisconsin.

Receipts of corn and oats exceeded any July in more than ten years, and corn shipments were heavier than in any month since July 1922. Visible supplies of all feed grains continued to increase in July and early August. Prices of these grains suffered a sharp recession in July along with wheat, but were stimulated somewhat in August by further reduction in estimates for this season's crops.

MOVEMENT OF LIVE STOCK

Hog receipts at public stock yards in the United States in July decreased by an amount somewhat greater than is usual for that month, after having shown increases during the second quarter of 1933 that were counter to the seasonal trend. Furthermore, the seasonal recession in cattle marketings in June, which was less extensive than in other years, was followed in July by an expansion of smaller than usual proportions. Lamb receipts, on the other hand, gained more than is customary for the month, and receipts of calves continued to record a greater than seasonal contraction in volume. All marketings, except lambs, were well in excess of a year ago, and fell short of the 1923-32 average by a considerable margin. The movement to inspected slaughter (inclusive of receipts not passing through public stock yards) differed somewhat in trend from the foregoing, in that the figures showed the number of lambs less than in June but in excess of a year ago, and the volume of each class of animal heavier than in the 1923-32 average for July.

Reshipments of cattle and calves to feed lots decreased sharply in July—at variance with the usual trend—and were below a year ago and the 1928-32 average for the month. Reshipments of feeder lambs continued to total below the normal volume at this season, though showing an expansion over June, whereas a decline in this comparison usually takes place.

MEAT PACKING

Slaughtering establishments in the United States were considerably more active during July than a year ago. The volume of production exceeded that of last July by 30½ per cent and was 11 per cent heavier than the 1923-32 seasonal average, though falling 9½ per cent below June. Moreover, payrolls at the close of the period continued to reflect a marked gain over the same month of 1932; a decrease of approximately 3 per cent in hours worked and in wage payments took place from June, but the volume of employment increased 4½ per cent. Also, the value of sales billed to domestic and foreign customers aggregated 14½ per cent more than a year ago and showed a contrary-to-seasonal gain of 7½ per cent over the preceding month. The general price level of packing-house commodities appears to have advanced over June, despite

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, July 1933.....	214	841	292	83
Federally Inspected Slaughter, United States				
July 1933.....	752	3,914	1,399	401
June 1933.....	751	4,626	1,490	441
July 1932.....	614	2,802	1,384	324

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF		
	AUG. 19	JULY	JUNE	JULY	
	1933	1933	1933	1932	
Native Beef Steers (average).....	\$6.10	\$6.10	\$5.80	\$7.95	
Fat Cows and Heifers.....	4.40	4.45	4.45	5.35	
Calves.....	6.85	5.50	4.70	5.85	
Hogs (bulk of sales).....	3.90	4.50	4.50	4.65	
Yearling Sheep.....	5.60	5.85	6.25	4.65	
Lambs.....	7.15	7.35	7.40	5.90	

easier quotations for many pork and beef cuts, and increased over last July as well, as sales tonnage data showed a decline of $3\frac{1}{2}$ per cent from a month earlier and increased only $8\frac{1}{2}$ per cent in comparison with a year ago. However, production continued to outrun current consumption to such an extent that August 1 inventories of packing-house commodities in the United States totaled 300,181,000 pounds greater than a year ago and 146,519,000 pounds larger than the 1928-32 seasonal average. Prices eased during first half of August.

Owing to increased import restrictions in Continental countries and also to uncertainties incident to the rapid fluctuations in quotations and in dollar exchange, total shipments of packing-house commodities for export declined slightly in July from a month previous. German trade for American lard, which expanded early in the month in anticipation of a further increase in duties, fell off sharply after the marked advance in tariff rates became effective on July 19. British trade in the commodity was rather good throughout the month. With exception of a fair demand in the United Kingdom for American hams, foreign trade in meats remained exceptionally light, and most sales of both meat and lard were made from stocks already landed. United States inventories of these commodities in foreign markets showed a decided decrease on August 1 over the beginning of July. American lard remained at a slight premium in Germany, but continued somewhat below Chicago parity in the United Kingdom. British quotations for American hams were slightly above a United States basis.

DAIRY PRODUCTS

Production of creamery butter in the Seventh Federal Reserve district showed a seasonal contraction of 12 per cent in July from June and was $13\frac{1}{2}$ per cent less than the 1923-32 average for the month, but exceeded that of a year ago by 4 per cent. Though totaling only $\frac{1}{2}$ per cent less than last July, the sales tonnage fell off 20 per cent from June and recorded a larger recession from the ten-year average than had been evidenced during any previous month of 1933. United States production of the commodity conformed to the Seventh district trend except that it showed an even greater expansion over last year. August 1 inventories of creamery butter in the United States reflected a narrowing of the unusually wide disparity that has prevailed recently between manufacture and current consumption, but were 40,660,000 pounds in excess of the corresponding date of 1932 and 22,410,000 pounds above the 1928-32 seasonal average. Despite a downward tendency since early in the month, July prices averaged higher than those of June.

The manufacture of American cheese in Wisconsin decreased $10\frac{1}{2}$ per cent during the four weeks ended July 29—or about a customary amount from the preceding period—but was $29\frac{1}{2}$ per cent larger than last July and one per cent above the 1928-32 average for the month. Distribution of this commodity from primary markets of that state increased $35\frac{1}{2}$ per cent over June, contrary to the usual tendency, to a level $8\frac{1}{2}$ per cent above a year ago and to a point within one per cent of the 1928-32 average, the volume being only 4,200,000 pounds less than current production. Moreover, total inventories of cheese in the United States recorded no more than the usual expansion on August 1 over the beginning of July and remained slightly below seasonal levels. Prices firmed during July.

Industrial Employment Conditions

Seventh district industries increased employment 7 per cent and payrolls 4 per cent from June 15 to July 15—a period generally marked by curtailment, especially in payrolls, due to extensive lay-offs for repairs and inventories and to the vacations customary at this season. The current rise in payrolls was smaller than in any of the three preceding months but compared with a decline of 5 per cent in the seasonal average for the years 1925-32. Both employment and payrolls in July rose definitely above the volumes of a year ago, the increases amounting to about 8 per cent in the former and 11 per cent in the latter item. This is the first time since 1929 that employment and payrolls in Seventh district industries have been larger than in the same month of a year previous.

Three manufacturing industries—metals, stone-clay-and-glass, and rubber products—increased both employment and payrolls during the June-to-July period by more than 10 per cent. Among the other reporting manufacturing industries, increases in employment ranged from 2 per cent for textiles to $12\frac{1}{2}$ per cent for vehicles; and gains in payrolls from $\frac{1}{2}$ per cent for chemicals to 12 per cent for textiles. None of the major groups showed a decline in either volume of workers or in wage payments, and the manufacturing industries as a whole recorded aggregate increases of 9 and 5 per cent, respectively, in these items.

Under the non-manufacturing classification, all groups contributed to the rise in payrolls and all but one to the gain in employment. Merchandising firms showed a negligible loss in number of workers, while raising wage payments about one per cent. The largest percentage gain, 3 per cent, was recorded for employment and payrolls in the coal mining industry. Total increases for the non-manufacturing classification amounted to less than one-half per cent in employment and 2 per cent in payrolls.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Activity in the automobile industry was well maintained through July. Passenger car production, numbering 195,019 in the month, totaled only 8 per cent smaller than in June, and was 106 per cent heavier than in July last year when output fell off more than 40 per cent from the

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF JULY 15, 1933			CHANGE FROM JUNE 15, 1933	
	REPORT- ING FIRMS NO.	WAGE EARNERS NO.	EARNINGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
Metals and Products ¹	722	134,269	2,528	+11.4	+11.9
Vehicles.....	163	188,893	4,398	+12.6	+1.8
Textiles and Products.....	142	31,797	444	+2.2	+12.0
Food and Products.....	343	71,186	1,365	+4.3	+1.3
Stone, Clay, and Glass.....	142	8,130	156	+16.8	+14.4
Wood Products.....	267	22,503	286	+4.9	+3.5
Chemical Products.....	103	13,707	297	+4.7	+0.6
Leather Products.....	77	19,539	309	+5.6	+2.3
Rubber Products ²	8	6,738	170	+10.6	+13.7
Paper and Printing.....	314	41,023	898	+4.4	+4.0
Total Mfg., 10 Groups....	2,281	537,785	10,851	+9.1	+4.9
Merchandising ³	254	32,942	622	-0.2	+0.9
Public Utilities.....	80	76,884	2,169	+0.3	+2.4
Coal Mining.....	17	2,063	39	+3.1	+3.0
Construction.....	316	8,888	160	+0.5	+1.5
Total Non-Mfg., 4 Groups.	667	119,877	2,990	+0.2	+2.1
Total, 14 Groups.....	2,948	657,662	13,841	+7.3	+4.2

¹Other than Vehicles. ²Michigan and Wisconsin. ³Illinois and Wisconsin.

preceding month. Truck production numbered 38,065 this July, representing a recession of 9 per cent from a month previous and a gain of 164 per cent over a year ago.

Distribution of automobiles in the Middle West was smaller in July, following four successive months of expansion, but sales at both wholesale and retail totaled considerably larger than in the same month last year, with used car sales following the trend of new cars. Substantial gains in stocks during the period brought the number of new cars held at the end of July to one per cent above the low level of a year ago—the first gain to be shown in this comparison since January 1930. The number of used cars on hand July 31 totaled 14 per cent heavier than a year previous. The proportion of sales made on the deferred payment plan to total sales of retail dealers reporting the item, dropped from 48 per cent in June to only 36 per cent in July, the latter ratio comparing with 49 per cent for July 1932.

IRON AND STEEL PRODUCTS

Although the rate of steel ingot output in this district receded gradually from approximately 60 per cent of capacity in the middle of July to around 52 per cent in the early part of August, the latter rate compared with only 10 per cent at the same time a year ago, with 30 per cent in 1931, and was only a little below that prevailing in the early part of August 1930. New business received by Chicago district mills during July totaled about 10 per cent heavier than the improved June volume and considerably exceeded that booked in July last year. Pig iron production in Illinois and Indiana expanded more than 30 per cent in the daily average for July over the preceding month and was the largest for any month since June 1931. Little change has taken place in the price situation during recent weeks.

Bookings for steel and malleable castings, in tonnage units, declined 34 and 21 per cent, respectively, from June to July, while shipments and production continued to increase in steel castings and experienced only minor changes in malleable castings. Comparisons with a year ago continued favorable, increases reported by steel casting foundries amounting to 181 per cent in orders, 154 per cent in production, and 134 per cent in shipments. In malleable casting foundries, the volume of orders was more than three times that of a year ago, while production and shipment gains followed closely the rise in orders.

Manufacturers of stoves and furnaces reported continued gains in both orders and shipments, the former item increasing 7 per cent and the latter 6 per cent in July over June. Molding-room operations showed an expansion of 14 per cent and inventories increased 9 per

cent. While production was 108 per cent heavier than in July 1932, inventories remained smaller by 25 per cent.

FURNITURE

Gaining 102 per cent over the preceding month, orders booked by furniture manufacturers in this district expanded during July to a level higher than for any month since March 1931. This extends an almost continuous upward swing since the beginning of April in which month the volume booked was less than half that of the current period. Shipments, too, have gained steadily though less markedly, increases in the last two months having been under 5 per cent. As compared with a year ago, current orders booked were 170 per cent heavier, and shipments 115 per cent. Unfilled orders also were greatly increased during the month, amounting at the close of July to 84 per cent of orders booked during the month—14 points in excess of the volume outstanding a month previous. The rate of operations approximated 52 per cent of capacity, 7 points above that of June and 18 above July 1932.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe factories in the Seventh district continued to operate throughout July at almost the same high level as in June. Output for the month totaled only 4½ per cent smaller than in June, was more than twice that of a year ago, and exceeded by 37 per cent average production for this month in the ten years 1923-32. The decline in July followed three months of gains in the shoe industry that were contrary to normal seasonal trend. In the tanning industry, production and sales declined in comparison with the preceding month but maintained a favorable margin over year-ago figures. Packer green hides moved somewhat more freely in July than in June, but sales of calf and kip skins declined. Increases in price quotations during the month ranged from 1½ to 2½ cents, and these advances were fairly well maintained during the first half of August.

Building Materials, Construction Work

Recent gains in the distribution of building materials in this district were fairly well maintained during July. Reports indicate that industrial demand for hardwood lumber was strong, while building lumber was sought largely for repair work, as capital was lacking for residential construction. Public works projects had not proceeded far enough to stimulate the use of cement materially, though deliveries expanded because of the recent price increase. Brick and tile producers reported considerable improvement over a year ago.

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	JULY 1933: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JUNE 1933	JULY 1932	
Wholesale Lumber:			
Sales in Dollars.....	+5.1	+127.3	14
Sales in Board Feet.....	-3.2	+103.7	12
Accounts Outstanding ¹	+13.0	+70.6	12
Retail Building Materials:			
Total Sales in Dollars.....	-14.5	+11.0	175
Lumber Sales in Dollars.....	-17.5	+5.5	57
Lumber Sales in Board Feet.....	-21.9	-6.3	92
Accounts Outstanding ¹	+0.1	-9.2	167
Ratio of Accounts outstanding ¹ to dollar sales during month			
	JULY 1933	JUNE 1933	JULY 1932
Wholesale Trade.....	185.4	172.3	247.0
Retail Trade.....	438.1	378.5	534.1

¹End of Month.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in July 1933 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1933	JULY 1932	JUNE 1933	JULY 1932
New Cars				
Wholesale—				
Number Sold.....	-13.0	+282.8	19	13
Value.....	-4.6	+214.9	19	13
Retail—				
Number Sold.....	-11.9	+91.4	66	37
Value.....	-8.8	+86.5	66	37
On Hand July 31—				
Number.....	+16.7	+1.2	66	37
Value.....	+14.3	-19.8	66	37
Used Cars				
Number Sold.....	-11.8	+27.1	66	37
Salable on Hand—				
Number.....	+3.6	+13.7	66	37
Value.....	+8.0	-22.1	66	37

Wholesale lumber dealers recorded a gain in dollar sales over June, in contrast to a five-year average loss for the month of about 12 per cent, and both the value and volume of sales were more than double the year-ago figures. Yard stocks were again reduced and below a year ago at a majority of yards. Collections have almost kept pace with the recent expansion in sales, so that the accounts-to-dollar sales ratio, though higher than in the two preceding months, was much lower than a year ago.

Retail yards reversed the upward trend in sales of all materials, in evidence since January, by showing a greater than seasonal loss from the preceding month. Although the volume of lumber sold was somewhat lower than a year ago, higher prices contributed to an increase in dollar value. Stocks were enlarged for the third consecutive month, and several dealers reported an increase over a year ago, though on the average they were smaller in this comparison.

BUILDING CONSTRUCTION

Building activity in the Seventh Federal Reserve district continued to expand during July. Total contracts awarded amounted to more than 18½ million dollars, the largest monthly volume since the 22 millions recorded in September 1932, and exceeding by 16 per cent the total of the corresponding month last year. Residential contracts during the month were likewise greater than the June and year-ago figures.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
July 1933.....	\$18,591,770	\$2,520,368
Change from June 1933.....	+45%	+11%
Change from July 1932.....	+16%	+30%
First seven months of 1933.....	\$68,786,145	\$11,937,955
Change from same period 1932.....	-46%	-30%

*Data furnished by F. W. Dodge Corporation.

The estimated cost of proposed construction in the Seventh district, according to building permits issued in 101 cities, dropped 30 per cent in July from the dollar volume of June, and totaled 37 per cent under the figures of a year ago. The number of permits issued during the month increased 23 per cent over July 1932, but fell off 11 per cent from June. In the monthly comparison, among the five large cities—Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines—the last named registered a gain of 29 per cent in estimated cost and provided an exception to the district trend. Of the same five cities, Detroit recorded a gain over a year ago amounting to 18 per cent, while Indianapolis increased 65 per cent, and were the only two to differ from the group trend.

Merchandising

July trends in wholesale trade conditions of the Seventh district were for the most part downward. The dry goods trade recorded a contrary-to-seasonal gain of 10 per cent over the preceding month, while other reporting groups ex-

perienced declines, seasonal in nature but for the most part heavier than usual for the period though smaller than last year in the same month. Declines from June amounted to 4½ per cent in groceries, 24 per cent in hardware, 10½ per cent in drugs, 23 per cent in shoes, and 24 per cent in electrical supplies, as against average recessions for the month of 4, 9½, 5, 18, and 7 per cent, respectively. As compared with July 1932, however, trends continued favorable: all groups showed increases over that month, the gain in groceries being the first recorded in the yearly comparison since April 1930 and in drugs since September 1929, while the increases in hardware and dry goods sales were heavier than in either of the two preceding months. Despite this improvement, sales for the year to date still failed to equal those of the same period of 1932: grocery sales declined 8 per cent in the comparison, hardware 9 per cent, dry goods 3 per cent, drugs 18 per cent, electrical supplies 4 per cent, and shoes 2 per cent. Stocks, though remaining below 1932, show a narrowing of the spread between the two years. In half the groups, ratios of accounts receivable to sales increased during July, but in all lines they were smaller than a year ago.

A somewhat greater than seasonal decline took place during July in Seventh district department store trade. Sales of reporting stores dropped 29 per cent in the aggregate from the preceding month, as against an average recession in the 1923-32 average for July of 25½ per cent. The comparison with July a year ago, however, showed a dollar volume of sales 8½ per cent in excess of that month. It will be noted in the table that Chicago stores had an exceptionally large gain in the yearly comparison and that Detroit alone of the larger cities experienced a decline. Continued gradual expansion is taking place in stocks, and owing to increases shown by Chicago, Indianapolis, and Milwaukee stores over the corresponding month of 1932, the total for the district at the end of July was only 2 per cent smaller in this comparison. Collection conditions show improvement over last year, as evidenced by their ratio to accounts outstanding, which for three consecutive months has been higher in the current period than a year ago.

Following four months of expansion—greater than seasonal in three of them—the retail shoe trade experienced an exceptionally heavy recession in July business as compared with the preceding month. Sales of reporting dealers and department stores totaled 46 per cent less than in June, whereas the 1926-32 average decline for the period is but 31 per cent. The dollar volume sold was one per cent below that of last July, and sales for the year through July totaled 13 per cent smaller than in the same months of 1932.

DEPARTMENT STORE TRADE IN JULY 1933

LOCALITY	PER CENT CHANGE JULY 1933 FROM JULY 1932		PER CENT CHANGE SEVEN MONTHS 1933 FROM SAME PERIOD 1932		RATIO OF JULY COL- LECTIONS TO ACCOUNTS OUTSTANDING JUNE 30	
	NET SALES	STOCKS END OF MONTH	NET SALES		1933	1932
Chicago.....	+21.6	+11.3	-4.4		25.4	22.2
Detroit.....	-15.9	-28.7	-25.7		31.6	27.6
Indianapolis.....	+9.7	+5.2	-9.8		36.9	34.7
Milwaukee.....	+9.1	+6.0	-14.3		32.4	31.1
Other Cities.....	+4.9	-20.7	-13.5		26.9	25.8
7th District.....	+8.5	-2.5	-12.0		29.5	27.0

WHOLESALE TRADE IN JULY 1933

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTAND- ING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	+14.1	-5.7	+4.5	+13.4	109.7
Hardware.....	+31.3	-13.4	-7.6	+6.1	237.4
Dry Goods.....	+90.7	-16.6	+11.1	+11.8	238.5
Drugs.....	+1.7	-14.7	-4.5	-11.3	251.7
Shoes.....	+25.4	-18.3	-39.3	+20.6	233.8
Electrical Supplies.....	+30.9	-3.6	+20.0	+9.6	211.1

Similarly, the retail furniture trade showed a larger than usual decline in July, though sales continued to total heavier than in the corresponding month last year. The sales recession of 29 per cent in the monthly comparison, for reporting dealers and department stores, compared with one of 19 per cent in the 1927-32 average for July, while the gain over a year ago amounted to 24 per cent.

Chain stores, along with other lines of retail trade, sold a smaller aggregate dollar volume in July than in the preceding month, although comparisons with the correspond-

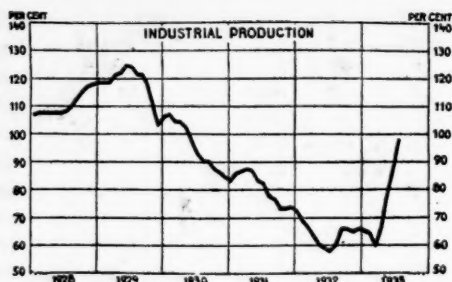
ing month last year were favorable. Two of the major groups reporting to this bank—grocery and drug chains—had larger sales in July than in June, but a decline in five-and-ten-cent store trade was sufficient to offset these gains as well as those in smaller groups. Practically all reporting lines which, in addition to those mentioned, include shoe, cigar, men's clothing, and musical instrument chains, shared in the increase of 6 per cent shown in total sales over July 1932.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	July 1933	June 1933	May 1933	Apr. 1933	Mar. 1933	Feb. 1933	July 1932	June 1932	May 1932	Apr. 1932	Mar. 1932	Feb. 1932
Meat Packing—(U. S.)—													
Sales (in dollars).....	62	60	56	56	48	45	44	52	50	51	52	53	53
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	13	21	18	12	10	11	10	10	12	14	14	18	16
In Tons.....	13	25	19	13	10	12	11	9	11	14	15	18	15
Malleable—In Dollars.....	21	21	21	16	12	10	11	7	11	12	13	17	16
In Tons.....	21	36	37	29	22	16	20	12	19	21	23	30	28
Stoves and Furnaces—													
Shipments (in dollars).....	10	62	58	54	44	38	35	29	39	48	50	51	42
Furniture—													
Orders (in dollars).....	17	60	30	32	24	19	24	22	14	20	26	33	30
Shipments (in dollars).....	17	29	28	26	22	19	20	13	15	24	29	38	32
Flour—													
Production (in bbls.).....	22	98	121	108	114	111	92	114	120	112	116	116	103
Output of Butter by Creameries—													
Production.....	67	123	139	135	94	93	85	118	141	140	102	96	93
Sales.....	69	106	132	113	87	96	91	106	130	112	95	97	93
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	67	71	63	56	58	51	59	71	66	68	70	61
Hardware.....	12	46	60	53	38	27	22	35	54	50	52	40	32
Dry Goods.....	9	43	39	34	26	23	21	22	29	32	34	35	34
Drugs.....	13	52	58	54	49	49	49	52	66	64	67	72	67
Shoes.....	6	32	41	37	28	29	19	25	33	34	31	35	29
Retail Trade—(Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	23	47	66	61	56	52	44	39	59	60	64	63	54
Detroit.....	5	41	66	74	65	45	40	51	78	86	89	80	75
Indianapolis.....	5	48	63	72	71	51	46	44	67	67	75	70	60
Milwaukee.....	5	52	63	68	70	51	46	48	67	71	81	72	61
Other Cities.....	44	40	57	59	57	44	38	38	56	60	67	61	52
Seventh District.....	82	45	64	65	60	49	43	42	63	66	71	67	59
Automobile Production—(U. S.)													
Passenger Cars.....		67	72	63	52	34	31	32	55	54	41	34	32
Trucks.....		101	111	89	73	48	41	38	60	70	73	52	62
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		9	8	10	5	5	2	7	10	10	9	8	10
Total.....		27	19	15	10	12	6	24	27	36	24	31	26
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		59	45	31	18	18	21	26	29	30	32	37	40
United States.....		59	43	29	21	18	20	19	21	26	29	32	34
Steel Ingot Production—(U. S.)*.....		96	75	56	41	25	34	24	26	33	36	40	45
Unfilled Orders U. S. Steel Corp.....		42	44	40	39	39	39	41	43	46	49	52	53

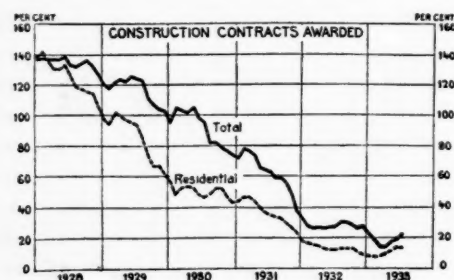
*Average daily production.



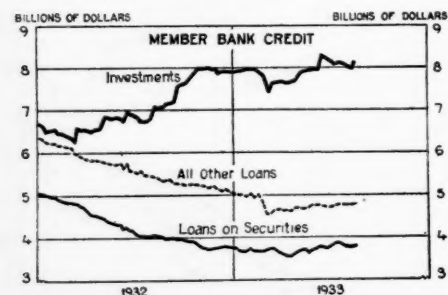
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



Indexes of factory employment and payrolls, without adjustment for seasonal variation (1923-1925 average = 100).



Indexes based on three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variation (1923-1925 average = 100).



Wednesday figures for reporting member banks in 90 cities. Latest figures are for Wednesday, August 16, 1933.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL production increased further from June to July, contrary to seasonal tendency, and in recent weeks has continued at a relatively high level. Since the middle of July there have been reductions in wholesale prices of leading raw materials, while prices of many other products have advanced.

PRODUCTION AND EMPLOYMENT

Volume of industrial output, as measured by the Board's seasonally adjusted index, advanced from 91 per cent of the 1923-1925 average in June to 98 per cent in July, which compares with 60 per cent in March. The principal increase in July was at steel plants where activity advanced from 46 per cent of capacity to 59 per cent. Production in the lumber and coal industries was also in larger volume, and daily average output of automobiles showed none of the usual seasonal decline. Output at shoe factories and woolen mills continued at an unusually high rate, while consumption of cotton by domestic mills decreased somewhat. Cigarette production declined sharply from the high level of May and June. Since the middle of July a decrease has been reported in the output of steel.

Working forces and payrolls at factories increased considerably between the middle of June and the middle of July. As in other recent months, the largest increases were generally at establishments fabricating raw materials into semi-finished products.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in July, followed by an increase in the first half of August. Total awards during the six weeks were in about the same volume as in the preceding six weeks and in larger volume than in earlier periods this year.

Department of Agriculture estimates as of August 1 indicate harvests generally smaller than a year ago. The cotton crop is forecast at 12,314,000 bales, a reduction of 700,000 bales from last season, reflecting curtailment in acreage as a part of the program of the Agricultural Adjustment Administration, offset in large part by an unusually high yield per acre. The wheat crop is estimated at 500,000,000 bushels, a reduction of 225,000,000 bushels from last year's small harvest, and feed crops are expected to be unusually small.

DISTRIBUTION

Freight traffic increased further from June to July by a substantial amount, but in recent weeks shipments, particularly of miscellaneous freight and grains, have been somewhat smaller. Department store sales declined in July by about the usual seasonal amount; they were larger than a year ago, however, and trade reports for the first half of August indicate an increase in sales.

WHOLESALE PRICES

Wholesale prices of commodities increased further during the first three weeks of July and, according to the index of the Bureau of Labor Statistics, there has been little change in their general level since that time. Prices of grains, cotton, and many imported raw materials, however, were considerably lower in the third week of August than in the middle of July, while prices of textiles were higher, reflecting in part the application of the processing tax on cotton. Prices of leather and coal also advanced during this period.

FOREIGN EXCHANGE

In the exchange market the value of the dollar in terms of the French franc advanced from a low of 69 per cent of its gold parity on July 18 to 75 per cent at the beginning of August, and since that time has fluctuated between 73 and 75 per cent.

BANK CREDIT

Net demand deposits of weekly reporting member banks in 90 cities declined between the middle of July and the middle of August, owing in large part to further withdrawals of bankers' balances from banks in New York City and elsewhere. The banks' loans decreased by \$71,000,000 during the period, reflecting chiefly a reduction in loans to brokers and dealers in securities. Their holdings of United States Government securities, after declining between July 19 and August 9, increased during the week ending August 16 in connection with Treasury financing at that time. Total reserves of all member banks increased by \$81,000,000 during the four-week period ending August 16, reflecting chiefly the purchase of \$42,000,000 of United States Government securities by the reserve banks and a return of \$23,000,000 of currency from circulation. The growth in member bank reserves, occurring at a time when reserve requirements were being reduced in consequence of a decline in their deposits, brought their excess reserves to a level above \$550,000,000. Money rates in the open market generally continued at low levels.

to
vel.
ing

ted
per
ase
ity
ger
nal
gh
ra-
he

he
est
ni-
or-
of
ne
ur.
ly
c-
rt
rt
00
nd

ut
re
ne
le

s
s
h,
d
r

c
t
i

s
S

Fr

To
B
B
U.
T
T
F
R